

are not present here. The proposed changes are limited to fees for Internal Distributors who use the data for internal use only and not for the redistribution and sale to external parties.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others*

The Exchange has neither solicited nor received written comments on the proposed rule change.

*III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action*

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>23</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>24</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CboeBZX-2017-019 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090. All submissions should refer to File Number SR-CboeBZX-2017-019. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule

change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeBZX-2017-019 and should be submitted on or before February 1, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2018-00309 Filed 1-10-18; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release Nos. 33-10451; 34-82455; IA-4842; IC-32963]

**Adjustments to Civil Monetary Penalty Amounts**

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Notice of annual inflation adjustment of civil monetary penalties.

**SUMMARY:** The Securities and Exchange Commission (the "Commission") is publishing this notice pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (the "2015 Act"). This Act requires all agencies to annually adjust for inflation the civil monetary penalties that can be imposed under the statutes administered by the agency and publish the adjusted amounts in the **Federal Register**. This notice sets forth the annual inflation adjustment of the maximum amount of civil monetary penalties ("CMPs") administered by the Commission under the Securities Act of 1933, the Securities Exchange Act of

1934 (the "Exchange Act"), the Investment Company Act of 1940, the Investment Advisers Act of 1940, and certain penalties under the Sarbanes-Oxley Act of 2002. These amounts are effective beginning on January 15, 2018, and will apply to all penalties imposed after that date for violations of the aforementioned statutes that occurred after November 2, 2015.

**FOR FURTHER INFORMATION CONTACT:**

James A. Cappoli, Assistant General Counsel, Office of the General Counsel, at (202) 551-7923, or Stephen M. Ng, Senior Special Counsel, Office of the General Counsel, at (202) 551-7957.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

This notice is being published pursuant to the 2015 Act,<sup>1</sup> which amended the Federal Civil Penalties Inflation Adjustment Act of 1990 (the "Inflation Adjustment Act").<sup>2</sup> The Inflation Adjustment Act previously had been amended by the Debt Collection Improvement Act of 1996 (the "DCIA")<sup>3</sup> to require that each federal agency adopt regulations at least once every four years that adjust for inflation the CMPs that can be imposed under the statutes administered by the agency. Pursuant to this requirement, the Commission previously adopted regulations in 1996, 2001, 2005, 2009, and 2013 to adjust the maximum amount of the CMPs that could be imposed under the statutes the Commission administers.<sup>4</sup>

The 2015 Act replaces the inflation adjustment formula prescribed in the DCIA with a new formula for calculating the inflation-adjusted amount of CMPs. The 2015 Act requires that agencies use this new formula to re-calculate the inflation-adjusted amounts of the

<sup>1</sup> Public Law 114-74 Sec. 701, 129 Stat. 599-601 (Nov. 2, 2015), codified at 28 U.S.C. 2461 note.

<sup>2</sup> Public Law 101-410, 104 Stat. 890-892 (1990), codified at 28 U.S.C. 2461 note.

<sup>3</sup> Public Law 104-134, Title III, § 31001(s)(1), 110 Stat. 1321-373 (1996), codified at 28 U.S.C. 2461 note.

<sup>4</sup> See Release Nos. 33-7361, 34-37912, IA-1596, IC-22310, dated November 1, 1996 (effective December 9, 1996), previously found at 17 CFR 201.1001 and Table I to Subpart E of Part 201; Release Nos. 33-7946, 34-43897, IA-1921, IC-24846, dated January 31, 2001 (effective February 2, 2001), previously found at 17 CFR 201.1002 and Table II to Subpart E of Part 201; Release Nos. 33-8530, 34-51136, IA-2348, IC-26748, dated February 9, 2005 (effective February 14, 2005), previously found at 17 CFR 201.1003 and Table III to Subpart E of Part 201; Release Nos. 33-9009, 34-59449, IA-2845, IC-28635, dated February 25, 2009 (effective March 3, 2009), previously found at 17 CFR 201.1004 and Table IV to Subpart E of Part 201; and Release Nos. 33-9387, 34-68994, IA-3557, IC-30408, dated February 27, 2013 (effective March 5, 2013), previously found at 17 CFR 201.1005 and Table V to Subpart E of Part 201. The penalty amounts contained in these releases have now been consolidated into Table I to 17 CFR 201.1001.

<sup>23</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>24</sup> 17 CFR 240.19b-4(f).

<sup>25</sup> 17 CFR 200.30-3(a)(12).

penalties they administer on an annual basis and publish these new amounts in the **Federal Register** by January 15 of each year.<sup>5</sup> The Commission previously published the first annual adjustment required by the 2015 Act on January 6, 2017 (the “2017 Adjustment”).<sup>6</sup> As part of the 2017 Adjustment, the Commission promulgated 17 CFR 201.1001(a) and Table I to Subsection 1001, which lists the penalty amounts for all violations that occurred on or before November 2, 2015. For violations occurring after November 2, 2015, Subsection 1001(b) provides that the applicable penalty amounts will be adjusted annually based on the formula set forth in the 2015 Act. Subsection 1001(b) further provides that these adjusted amounts will be published in the **Federal Register** and on the Commission’s website.

A CMP is defined in relevant part as any penalty, fine, or other sanction that: (1) Is for a specific amount, or has a maximum amount, as provided by federal law; and (2) is assessed or enforced by an agency in an administrative proceeding or by a

federal court pursuant to federal law.<sup>7</sup> This definition applies to the monetary penalty provisions contained in four statutes administered by the Commission: The Securities Act, the Exchange Act, the Investment Company Act, and the Investment Advisers Act. In addition, the Sarbanes-Oxley Act of 2002 provides the Public Company Accounting Oversight Board (the “PCAOB”) authority to levy civil monetary penalties in its disciplinary proceedings pursuant to 15 U.S.C. 7215(c)(4)(D).<sup>8</sup> The definition of a CMP in the Inflation Adjustment Act encompasses such civil monetary penalties.<sup>9</sup>

## II. Adjusting the commission’s penalty amounts for inflation

This notice sets forth the annual inflation adjustment required by the 2015 Act for all CMPs under the Securities Act, the Exchange Act, the Investment Company Act, and the Investment Advisers Act, and certain civil monetary penalties under the Sarbanes-Oxley Act.

Pursuant to the 2015 Act, the penalty amounts in the 2017 Adjustment are adjusted for inflation by increasing them by the percentage change between the Consumer Price Index for all Urban Consumers (“CPI-U”) for October 2016 and the October 2017 CPI-U.<sup>10</sup> OMB has provided its calculation of this multiplier (the “CPI-U Multiplier”) to agencies.<sup>11</sup> The new penalty amounts are determined by multiplying the current penalty amounts by the CPI-U Multiplier and then rounding to the nearest dollar.

For example, the CMP for certain insider trading violations by controlling persons under Exchange Act Section 21A(a)(3)<sup>12</sup> was readjusted for inflation as part of the 2017 Adjustment to \$2,011,061. To determine the new CMP under this provision, the Commission multiplies this amount by the CPI-U Multiplier of 1.02041, and rounds to the nearest dollar. Thus, the new CMP for Exchange Act Section 21A(a)(3) is \$2,052,107.

Below is the Commission’s calculation of the new penalty amounts for the penalties it administers:

U.S. Code citation	Civil monetary penalty description	2017 Adjustment penalty amounts	CPI-U multiplier	2018 Adjusted penalty amounts
15 U.S.C. 77h–1(g) (Securities Act Sec. 8A(g)).	For natural person .....	\$8,289	1.02041	\$8,458
	For any other person .....	82,893	1.02041	84,585
	For natural person/fraud .....	82,893	1.02041	84,585
	For any other person/fraud .....	414,466	1.02041	422,925
	For natural person/fraud/substantial losses or risk of losses to others or gains to self.	165,787	1.02041	169,171
15 U.S.C. 77t(d) (Securities Act Sec. 20(d)) ..	For any other person/fraud/substantial losses or risk of losses to others or gain to self.	801,299	1.02041	817,654
	For natural person .....	9,054	1.02041	9,239
	For any other person .....	90,535	1.02041	92,383
	For natural person/fraud .....	90,535	1.02041	92,383
	For any other person/fraud .....	452,677	1.02041	461,916
15 U.S.C. 78u(d)(3) (Exchange Act Sec. 21(d)(3)).	For natural person/fraud/substantial losses or risk of losses to others.	181,071	1.02041	184,767
	For any other person/fraud/substantial losses or risk of losses to others.	905,353	1.02041	923,831
	For natural person .....	9,054	1.02041	9,239
	For any other person .....	90,535	1.02041	92,383
	For natural person/fraud .....	90,535	1.02041	92,383
15 U.S.C. 78u–1(a)(3) (Exchange Act Sec. 21A(a)(3)).	For any other person/fraud .....	452,677	1.02041	461,916
	For natural person/fraud/substantial losses or risk of losses to others or gains to self.	181,071	1.02041	184,767
	For any other person/fraud/substantial losses or risk of losses to others or gain to self.	905,353	1.02041	923,831
	Insider Trading—controlling person .....	2,011,061	1.02041	2,052,107

<sup>5</sup> 28 U.S.C. 2461 note Sec. 4.

<sup>6</sup> Release Nos. 33–10276; 34–79749; IA–4599; IC–32414 (effective Jan. 18, 2017).

<sup>7</sup> 28 U.S.C. 2461 note Sec. 3(2).

<sup>8</sup> 15 U.S.C. 7215(c)(4)(D).

<sup>9</sup> The Commission may by order affirm, modify, remand, or set aside sanctions, including civil monetary penalties, imposed by the PCAOB. See Section 107(c) of the Sarbanes-Oxley Act of 2002,

15 U.S.C. 7217. The Commission may enforce such orders in federal district court pursuant to Section 21(e) of the Exchange Act. As a result, penalties assessed by the PCAOB in its disciplinary proceedings are penalties “enforced” by the Commission for purposes of the Inflation Adjustment Act. See *Adjustments to Civil Monetary Penalty Amounts*, Release No. 33–8530 (Feb. 4, 2005) [70 FR 7606 (Feb. 14, 2005)].

<sup>10</sup> 28 U.S.C. 2461 note Sec. 5.

<sup>11</sup> Office of Management and Budget, *Implementation of Penalty Inflation Adjustments for 2018, Pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* (December 15, 2017), available at <https://www.whitehouse.gov/wp-content/uploads/2017/11/M-18-03.pdf>. This multiplier represents the percentage increase between the October 2016 CPI-U and the October 2017 CPI-U, plus 1.

<sup>12</sup> 15 U.S.C. 78u–1(a)(3).

U.S. Code citation	Civil monetary penalty description	2017 Adjustment penalty amounts	CPI-U multiplier	2018 Adjusted penalty amounts
15 U.S.C. 78u–2 (Exchange Act Sec. 21B) ...	For natural person .....	9,054	1.02041	9,239
	For any other person .....	90,535	1.02041	92,383
	For natural person/fraud .....	90,535	1.02041	92,383
	For any other person/fraud .....	452,677	1.02041	461,916
	For natural person/fraud/substantial losses or risk of losses to others.	181,071	1.02041	184,767
	For any other person/fraud/substantial losses or risk of losses to others.	905,353	1.02041	923,831
15 U.S.C. 78ff(b) (Exchange Act Sec. 32(b))	Exchange Act/failure to file information documents, reports.	534	1.02041	545
15 U.S.C. 78ff(c)(1)(B) (Exchange Act Sec. 32(c)(1)(B)).	Foreign Corrupt Practices—any issuer .....	20,111	1.02041	20,521
15 U.S.C. 78ff(c)(2)(B) (Exchange Act Sec. 32(c)(2)(B)).	Foreign Corrupt Practices—any agent or stockholder acting on behalf of issuer.	20,111	1.02041	20,521
15 U.S.C. 80a–9(d) (Investment Company Act Sec. 9(d)).	For natural person .....	9,054	1.02041	9,239
	For any other person .....	90,535	1.02041	92,383
	For natural person/fraud .....	90,535	1.02041	92,383
	For any other person/fraud .....	452,677	1.02041	461,916
	For natural person/fraud/substantial losses or risk of losses to others or gains to self.	181,071	1.02041	184,767
	For any other person/fraud/substantial losses or risk of losses to others or gain to self.	905,353	1.02041	923,831
15 U.S.C. 80a–41(e) (Investment Company Act Sec. 42(e)).	For natural person .....	9,054	1.02041	9,239
	For any other person .....	90,535	1.02041	92,383
	For natural person/fraud .....	90,535	1.02041	92,383
	For any other person/fraud .....	452,677	1.02041	461,916
	For natural person/fraud/substantial losses or risk of losses to others.	181,071	1.02041	184,767
	For any other person/fraud/substantial losses or risk of losses to others.	905,353	1.02041	923,831
15 U.S.C. 80b–3(i) (Investment Advisers Act Sec. 203(i)).	For natural person .....	9,054	1.02041	9,239
	For any other person .....	90,535	1.02041	92,383
	For natural person/fraud .....	90,535	1.02041	92,383
	For any other person/fraud .....	452,677	1.02041	461,916
	For natural person/fraud/substantial losses or risk of losses to others or gains to self.	181,071	1.02041	184,767
	For any other person/fraud/substantial losses or risk of losses to others or gain to self.	905,353	1.02041	923,831
15 U.S.C. 80b–9(e) (Investment Advisers Act Sec. 209(e)).	For natural person .....	9,054	1.02041	9,239
	For any other person .....	90,535	1.02041	92,383
	For natural person/fraud .....	90,535	1.02041	92,383
	For any other person/fraud .....	452,677	1.02041	461,916
	For natural person/fraud/substantial losses or risk of losses to others.	181,071	1.02041	184,767
	For any other person/fraud/substantial losses or risk of losses to others.	905,353	1.02041	923,831
15 U.S.C. 7215(c)(4)(D)(i) (Sarbanes-Oxley Act Sec. 105(c)(4)(D)(i)).	For natural person .....	133,331	1.02041	136,052
	For any other person .....	2,666,624	1.02041	2,721,050
15 U.S.C. 7215(c)(4)(D)(ii) (Sarbanes-Oxley Act Sec. 105(c)(4)(D)(ii)).	For natural person .....	999,984	1.02041	1,020,394
	For any other person .....	19,999,678	1.02041	20,407,871

Pursuant to the 2015 Act and 17 CFR 201.1001, the adjusted penalty amounts in this notice (and all penalty adjustments performed pursuant to the 2015 Act) apply to penalties imposed after the date the adjustment is effective for violations that occurred after November 2, 2015, the 2015 Act's enactment date. These penalty amounts supersede the amounts in the 2017

Adjustment.<sup>13</sup> For violations that

<sup>13</sup> The penalty amounts in this notice are being published in the **Federal Register** and will not be added to the Code of Federal Regulations in accordance with the 2015 Act and 17 CFR 201.1001(b). See 28 U.S.C. 2461 note Sec. 4(a)(2); 17 CFR 201.1001(b). In addition to being published in the **Federal Register**, the penalty amounts in this notice will be made available on the Commission's website at <https://www.sec.gov/enforce/civil-penalties-inflation-adjustments.htm>, as detailed in 17 CFR 201.1001(b). This website also lists the

occurred on or before November 2, 2015, the penalty amounts in Table I to 17 CFR 201.1001 continue to apply.<sup>14</sup>

By the Commission.

penalty amounts for violations that occurred on or before November 2, 2015.

<sup>14</sup> 17 CFR 201.1001(a).

Dated: January 2018.

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2018–00387 Filed 1–10–18; 8:45 am]

BILLING CODE 8011–01–P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82451; File No. 4–698]

### Joint Industry Plan; Notice of Filing and Immediate Effectiveness of Amendment No. 4 to the National Market System Plan Governing the Consolidated Audit Trail by Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., BOX Options Exchange LLC, Cboe C2 Exchange, Inc., Cboe Exchange, Inc., Chicago Stock Exchange, Inc., Financial Industry Regulatory Authority, Inc., Investors' Exchange LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, Nasdaq BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE Arca, Inc., NYSE American, LLC and NYSE National, Inc.

January 5, 2018.

#### I. Introduction

On December 11, 2017, the Operating Committee for CAT NMS, LLC (the “Company”), on behalf of the following parties to the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan” or “Plan”):<sup>1</sup>

<sup>1</sup> On February 27, 2015, BATS–Y Exchange, Inc. (n/k/a Cboe BYX Exchange, Inc.), BATS Exchange, Inc. (n/k/a Cboe BZX Exchange, Inc.), BOX Options Exchange LLC, C2 Options Exchange, Incorporated (n/k/a Cboe C2 Exchange, Inc.), Chicago Board Options Exchange, Incorporated (n/k/a Cboe Exchange, Inc.), Chicago Stock Exchange, Inc., EDGA Exchange, Inc. (n/k/a Cboe EDGA Exchange, Inc.), EDGX Exchange, Inc. (n/k/a Cboe EDGX Exchange, Inc.), Financial Industry Regulatory Authority, Inc., International Securities Exchange, LLC (n/k/a Nasdaq ISE, LLC), ISE Gemini, LLC (n/k/a Nasdaq GEMX, LLC), Miami International Securities Exchange LLC, NASDAQ OMX BX, Inc. (n/k/a Nasdaq BX, Inc.), NASDAQ OMX PHLX LLC (n/k/a Nasdaq PHLX LLC), The NASDAQ Stock Market LLC, National Stock Exchange, Inc. (n/k/a NYSE National, Inc.), New York Stock Exchange LLC, NYSE MKT LLC (n/k/a NYSE American LLC), and NYSE Arca, Inc. filed with the Commission, pursuant to Section 11A of the Exchange Act and Rule 608 of Regulation NMS thereunder, the CAT NMS Plan. 15 U.S.C. 78k–1; 17 CFR 242.608. The Plan was published for comment in the **Federal Register** on May 17, 2016, and approved by the Commission, as modified, on November 15, 2016. See Securities Exchange Act Release Nos. 77724 (April 27, 2016), 81 FR 30614 (May 17, 2016); 79318 (November 15, 2016), 81 FR 84696 (November 23, 2016). On January 30, 2017, the Commission noticed for immediate effectiveness an amendment to the Plan to add MIAX PEARL, LLC as a

Cboe BYX Exchange, Inc., (previously known as Bats BYX Exchange, Inc.), Cboe BZX Exchange, Inc. (previously known as Bats BZX Exchange), Inc., Cboe EDGA Exchange, Inc. (previously known as Bats EDGA Exchange, Inc.), Cboe EDGX Exchange, Inc. (previously known as Bats EDGX Exchange, Inc.), BOX Options Exchange LLC, Cboe C2 Exchange, Inc., Cboe Exchange, Inc., Chicago Stock Exchange, Inc., Financial Industry Regulatory Authority, Inc., Nasdaq ISE, LLC (previously known as International Securities Exchange, Inc.), Investors' Exchange, LLC, Nasdaq GEMX (previously known as ISE Gemini, LLC), Nasdaq MRX (previously known as ISE Mercury, LLC), Miami International Securities Exchange, LLC, MIAX PEARL, LLC, Nasdaq BX, Inc. (previously known as NASDAQ BX, Inc.), Nasdaq PHLX LLC (previously known as NASDAQ PHLX LLC), The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE Arca, Inc., and NYSE American (previously known as NYSE MKT, LLC) (collectively, the “Participants,” “self-regulatory organizations” or “SROs”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) pursuant to Section 11A(a)(3) of the Securities Exchange Act of 1934 (“Exchange Act”) <sup>2</sup> and Rule 608 thereunder,<sup>3</sup> a proposal to amend the Plan (“Amendment No. 4”).<sup>4</sup> The proposed amendment would add a fee schedule to a new Exhibit B of the Plan which sets forth the CAT fees to be paid by the Participants. A copy of proposed Exhibit B to the CAT NMS Plan is attached as Appendix A hereto. The Participants have also included, and as attached

Participant. See Securities Exchange Act Release No. 79898, 82 FR 9250 (February 3, 2017).

<sup>2</sup> 15 U.S.C. 78k–1(a)(3).

<sup>3</sup> 17 CFR 242.608.

<sup>4</sup> See Letter from Michael Simon, CAT NMS Plan Operating Committee Chair, to Brent J. Fields, Secretary, Commission, dated December 11, 2017 (“Transmittal Letter”). The Participants previously submitted an amendment to the CAT NMS Plan to establish Participant fees (“Amendment No. 2”). See Letter from Michael Simon, Chair, CAT NMS Plan Operating Committee, to Brent J. Fields, Secretary, Commission, dated May 22, 2017. See also Securities Exchange Act Release No. 80930 (June 14, 2017), 82 FR 28180 (June 20, 2017), available at <https://www.sec.gov/rules/sro/nms/2017/34-80930.pdf>. The Commission issued an Order of Summary Abrogation of Amendment No. 2 on July 21, 2017, concluding that the amendment raised concerns and the justifications provided by the Participants were not sufficient for the Commission to determine whether the amendment was consistent with the Act. See Securities and Exchange Commission Release No. 81189 (July 21, 2017), 82 FR 35005 (July 27, 2017). On October 30, 2017, the Participants filed Amendment No. 3 to the CAT NMS Plan, which has been withdrawn and replaced and superseded in its entirety by Amendment No. 4.

hereto, an Appendix B containing two charts, one listing the current Equity Execution Venues, each with its rank and tier, and one listing the current Options Execution Venues, each with its rank and tier. The Commission is publishing this notice to solicit comments from interested persons on Amendment No. 4.<sup>5</sup>

#### II. Description of the Plan

Set forth in this Section II is the statement of the purpose and summary of Amendment No. 4, along with the information required by Rule 608(a)(4) and (5) under the Exchange Act,<sup>6</sup> prepared and submitted by the Participants to the Commission.<sup>7</sup>

##### A. Description of the Amendments to the CAT NMS Plan

###### (1) Executive Summary

The following provides an executive summary of the CAT funding model approved by the Operating Committee, as well as Participants' obligations related to the payment of CAT Fees calculated pursuant to the CAT funding model. A detailed description of the CAT funding model and the CAT Fees follows this executive summary.

- **CAT Costs.** The CAT funding model is designed to establish CAT-specific fees to collectively recover the costs of building and operating the CAT from all CAT Reporters, including Industry Members and Participants. The overall CAT costs used in calculating the CAT Fees in this fee filing are comprised of Plan Processor CAT costs and non-Plan Processor CAT costs incurred, and estimated to be incurred, from November 21, 2016 through November 21, 2017. Although the CAT costs from November 21, 2016 through November 21, 2017 were used in calculating the CAT Fees, the CAT Fees set forth in this fee filing would be in effect until the automatic sunset date, as discussed below. (See Section A(2)(E) below)

- **Bifurcated Funding Model.** The CAT NMS Plan requires a bifurcated funding model, where costs associated with building and operating the CAT would be borne by (1) Participants and Industry Members that are Execution Venues for Eligible Securities through fixed tier fees based on market share, and (2) Industry Members (other than alternative trading systems (“ATs”) that execute transactions in Eligible Securities (“Execution Venue ATs”)) through fixed tier fees based on message traffic for Eligible Securities. (See Section A(2) below)

<sup>5</sup> 17 CFR 242.608.

<sup>6</sup> See 17 CFR 242.608(a)(4) and (a)(5).

<sup>7</sup> See Transmittal Letter, *supra* note 4.